

The Swedish Implementation Council
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Finansdepartementet (Ministry
of Finance), Enheten för EU:s
ekonomiska politik

Kopia KN NIM

**Consultation response and input to Sweden's position ahead
of EU negotiations – proposal for a regulation on a new
European Competitiveness Fund (ECF), your Dnr
Fi2025/01916**

The Swedish Implementation Council's contribution to the Swedish position is presented in full in section 9. The Council's proposals in summary are:

Strategic direction and focus

- Ensure that the work programmes make it clear that the fund shall support the commercialisation of research and innovation, based on excellence, from early stages to commercialisation.
- Ensure a strong role for the Strategic Stakeholders Board.
- Prioritise funding for technology areas that are strategically important for Sweden, require a long-term perspective and find it difficult to attract sufficient capital in Europe.
- Supplement the policy area on support for clean transition regarding transition to a circular economy.
- Consider supplementation regarding support for the development of testbeds.
- Be cautious about limiting corporate property protection.

Quality assurance and governance

- Ensure the participation of independent technical and scientific experts in governance and evaluation.
- Ensure local and regional involvement.
- Apply innovation practices and methods of innovation management.

Follow-up and transparency

- The Commission should regularly report on the projects funded at a more detailed level.
- Define objectives and indicators for the fund's contribution to competitiveness.
- Ensure that the reporting requirements are proportionate.
- At the national level: consider registry coding for start-ups.

Simplification measures to promote:

- Simplification of application processes in practice and harmonisation between programmes.
- limit the use of EU preference
- Clarify that rolling cut-offs should be a basic principle.
- Consider transitional rules that allow companies to credit previous qualifications.

Financing solutions and recipient capacity

- Ensure that the fund's financing solutions are fit for purpose for pre-commercialisation and early scale-up, where the risks are high.
- Consider a concerted and strategic approach to promote Swedish interests.
- Introduce national co-financing programmes that match the EU's strategic efforts, particularly InvestEU.
- Encourage simplification and coordination between the national authorities operating under the ECF.

Support for companies in different stages of development

- Maintain the existing national support and advisory functions for SMEs even if such functions are developed at EU level.
- Extend the earmarked project funds to include scale-ups.
- Work to ensure that calls and funding instruments are possible to participate in and apply for not only for consortia but also for individual companies.

1. Task of the Implementation Council

The Implementation Council is tasked with assisting the Government in its efforts to strengthen the competitiveness of Swedish companies by avoiding implementation above the minimum level and counteracting unjustified regulatory burdens, as well as reducing administrative costs and other compliance costs in connection with the implementation of EU regulations in Swedish law. The Implementation Council's work must be based on a company perspective.

The Implementation Council is to submit documentation and recommendations to the Government, partly as a contribution to Swedish positions in negotiations and partly on how EU legal acts can be implemented in Swedish law in a way that is not more far-reaching from a business perspective than what the legal acts require.

The Implementation Council's work is based on problem descriptions that have been communicated to the Council, mainly from industry organisations and their member companies. During the work on the documentation, contacts are also made with others who are familiar with the respective subject area, such as government agencies. In the light of the information gathered and in the context of the overall objective of the act in question, the Council makes a weighted and independent assessment of how the business perspective can be effectively addressed in each case.

In preparing this opinion, the Council has primarily used information and documentation received in contacts with the Confederation of Swedish Enterprise, Technology Industries of Sweden, the Swedish Research Pharmaceutical Companies (Lif), Swedish Incubators & Science Parks (SISP) and the Swedish Agency for Economic and Regional Growth.

2. Relevant proposal for an EU legal act

Proposal for a Regulation of the European Parliament and of the Council establishing the European Competitiveness Fund (ECF), COM/2025/555 final.

3. Objectives of the proposal

The new European Competitiveness Fund (ECF) will work in synergy with Horizon Europe and provide seamless support to European innovators from research to deployment and from idea to start-up and scale-up.

Consolidating existing programmes into a new European Competitiveness Fund will bring together relevant EU programmes in a fund with a strategic steering. It is proposed to have an envelope of €409 billion, including Horizon Europe, and will build a competitive advantage in strategic sectors, including by facilitating multi-country projects and cross-border projects with high EU added value. The fund will support areas that are crucial for the EU's competitiveness: clean transition and industrial decarbonisation, digital leadership, resilience and security, defence industry and space, and health, biotech, agriculture and bioeconomy.

The Fund shall cover activities currently carried out under 14 Union programmes, including Horizon Europe, the Innovation Fund, the Connecting Europe Facility, the European Defence Fund (EDF) and InvestEU. The new Decarbonisation Bank (IDB) will be part of the governance of the fund.

Simplification, better access to finance and better coordination between the different programmes are the primary objectives of the fund. It is expected to reduce administrative costs for beneficiaries by introducing one-stop shops and a single rulebook, simplifying the funding process and creating a more efficient and business-friendly environment, particularly benefiting high-growth industries, SMEs, innovative start-ups and projects requiring long-term investment support.

4. Where in the process is the proposal?

The proposal was presented on 16 July 2025 as part of the proposal for the next long-term budget (MFF) for the period 2028–2034.

Public consultation at EU level via "Have your say" will take place from 18 July to 12 November 2025.

Negotiations at EU level on the new MFF package, including the ECF, are likely to last until 2027. Discussions in the Council of Ministers (GAC) are planned for October, November and December, and at the European Council in December 2025.

The proposal has been sent out for consultation by the Ministry of Finance until 26 January 2026.

5. Responsible ministry

Ministry of Finance, International and Economic Department, Unit for EU Economic Policy.

6. Problem description from a Swedish business perspective

The Implementation Council prioritises analysing the proposal for a Competitiveness Fund for several reasons linked to the impact the fund may have on the competitiveness of companies.

The process of applying for support from today's funds is complex and administratively burdensome, as shown by mid-term evaluations for both Horizon Europe and InvestEU.¹ As a result, smaller companies avoid applying for support. The large companies and higher education institutions, often in combination, dominate among those that receive funds. The process of applying for support from the funds therefore needs to be simplified so that even the smaller companies consider it worthwhile. Reporting and record-keeping requirements also need to be simplified.

It will also be a challenge to merge today's 14 funds, with mutually differing application processes, into one large fund and in practice achieve simplification, faster processes and reduced administration for those who apply for and receive support from the fund.

It is proposed that the fund have very large resources at its disposal. It is therefore important that the fund's allocation framework suits the needs and innovative power of Swedish companies and that the fund is designed so that it really contributes to strengthened competitiveness for Swedish companies. At the same time, it is of great importance that the fund's support do not go to investments that are best solved through well-functioning market mechanisms or that constitute disguised state aid to established companies that are not viable on their own.

¹ See [Interim Evaluation of the Horizon Europe Framework Programme for Research and Innovation \(2021 - 2024\)](#) and [Interim evaluation of the InvestEU Programme](#)

According to the information obtained by the Implementation Council, access to risk capital through market forces is considered to be relatively good in Sweden. However, it is considered insufficient for the commercialisation of new, untested advanced technologies (deep tech) with the highest risk. There is currently a need to strengthen the opportunities for companies to attract private venture capital in the early and riskiest development phases, especially in research-intensive sectors. Actors are often cautious at these stages, and Union support through a Competitiveness Fund can therefore play a role in attracting qualified private investors, who contribute experience and active ownership in addition to capital.

Today's funds are difficult to follow up and it is very difficult to evaluate which types of companies or projects have received EU funds in Sweden. It is therefore not possible to get an overall picture of how EU funds are useful in Sweden, especially how they contribute to improved competitiveness.² The lack of register coding (related to SNI codes or similar) for start-ups also contributes to the difficulties in following up the funds' effectiveness and developing accurately targeted efforts.

7. Implementation Council analysis of the proposal

The Implementation Council believes that the approach of the proposal is fundamentally good; that industrial policy and competitiveness are clearly linked to research and innovation. It is also positive that the proposal sets out clear priorities and that these match the pillars of the Framework Programmes for Research and Innovation, i.e. Pillar 2 (Industrial Collaboration) and Pillar 3 (Innovation, Start-ups and Scale-ups).

However, the Implementation Council also agrees with the Government's overall position, according to the explanatory memorandum, that it is important that the fund's resources provide clear added value, that support is directed where it has the greatest potential to increase the EU's competitiveness, and the basic position that it is a well-functioning market that makes companies competitive and that support for companies is not a general or long-term sustainable solution.

The Implementation Council therefore believes that the fund should not allow too broad forms of support to already existing technologies or

² See [Overall follow-up and evaluation of the business promotion system, Growth Analysis](#)

established companies that are not sustainable in themselves. Support to general boosts of for example ICT maturity, without excellence as a criterion, can therefore be questioned.

The Council would like to advocate that innovation practices and established methods of innovation management should form the basis of the Fund's selection criteria, governance and evaluation, rather than traditional project funding. A competitiveness fund that is shaped according to the principles of successful innovation processes, with clear incentives for innovation and learning, has both higher accuracy and greater legitimacy among companies and investors.

The Implementation Council assesses that the fund should focus on support for basic research, excellence, technology development and innovation from early stages, via later technology development phases up to the pre-market implementation phase, i.e. up to and including bridging the innovation gap. At these stages, companies otherwise find it difficult to find venture capital because the technology and market risks are high, while the individual company has difficulty appropriating more than limited shares of the value created if the project succeeds. This may justify risk-sharing between the public and private sectors.

The Council notes that the framework of the proposed policy areas, as set out in Article 3, is broad. At the same time, the framework reflects relevant political priorities and Swedish areas of strength. However, it will be important that the design of the individual work programmes makes it clear that the fund will support the commercialisation of research and innovation, based on excellence. The investments should therefore not relate to the production phase after market implementation, as this would disturb the competitive situation in the market, or general skills enhancement, network building etc.

The various work programmes are proposed to be adopted by the Commission in implementing acts, either under the advisory procedure or under the examination procedure. It will be important to have an active participation of Sweden in these implementation committees to monitor the design and criteria of the work programmes so that they comply with the overall objectives of the fund.

The Council notes that the Regulation does not mention support for the development of testbeds as part of the work programmes. The Council sees a

need for these types of tools to be used in several of the different work programmes.

The management of the investments and the selection processes must take place in close dialogue with the business community and the market to be relevant and attract more private investment. The proposed Strategic Stakeholder Board will have an important role to play in this regard. See more under section 8 on governance of the fund.

The Council would like to draw attention to the fact that there is a risk that the fund's financing solutions are primarily aimed at the stages of commercially low risk-taking, i.e. not the very earliest stages of pre-commercialisation or early phases of scale-up. For example, the use of InvestEU is based on overall commercial risk preferences of the implementing parties. If a too high share of private co-financing is assumed in the early phases, it can act as a deterrent for commercial financiers based on their risk preferences. This may mean that one of the fund's basic objectives, to bridge the financing gaps in the very early stages, when high risk-taking and uncertain market potential exist, risks being lost. In these phases, complementary financial instruments (loans, government risk guarantees etc.) may be a necessary part of the financing solutions.

The Council therefore considers that it needs to be clarified whether the fund's financing solutions are appropriately designed for pre-commercialisation and early phases of scale-up, especially for strategic technologies and industries where large investments in research and capital-intensive technology and production development are required.

The Council considers that the focus on advisory and support functions, including earmarked project funds, for SMEs (Chapter III) is very good. This is very important for small companies and can help to change the current situation where support is mainly awarded to large companies and higher education institutions. However, the Council notes that the proposal in Article 29 on earmarked funds covers start-ups, SMEs and small mid-caps, but not scale-ups. The Council considers this to be a shortcoming, as there is often a great need for financial support for scale-ups in the phase between invention and establishment of the first production facility.

The ongoing work on a new European Innovation Act, which includes definitions of start-ups, scale-ups and innovative companies, should facilitate such delimitations.

Industries and companies concerned

The proposed fund will be comprehensive in terms of the number of companies concerned. For example, in half of its programming period (2021-2024), Horizon Europe has covered 16 220 companies, of which around 10 000 are SMEs in Europe.³ Currently around 7500 SMEs are involved in Horizon Europe, but only 214 are Swedish.⁴ SMEs under Horizon Europe are concentrated in knowledge-intensive sectors such as scientific and technological activities, manufacturing (albeit declining) and ICT.

Since its inception in 2021, InvestEU has supported around 53 000 SMEs and currently there is Swedish involvement in 79 of a total of 1830 posts in the InvestEU portal.⁵

The total number of companies and SMEs that will be able to benefit from the fund is difficult to estimate. The number of participating SMEs in the existing programmes where data is available is 332 236 SMEs under 9 different programmes for different time periods between 2020 and 2025.⁶ The Commission makes a rough estimate, which should therefore be interpreted with caution, that the total number of SMEs in the EU that could be affected by the ECF is around one million.

Consequences for Swedish companies

Reduced administrative burdens?

One of the main objectives of the proposal is to reduce the administrative burden on businesses, thereby simplifying and speeding up the application procedure. According to the impact assessment of the proposal, the Commission estimates that the time to prepare the application is expected to be reduced by 10% compared to the baseline, which is monetarily estimated to save EUR 4 500 to 28 800 per proposal.⁷ Furthermore, the Commission

³ See [Interim Evaluation of the Horizon Europe Framework Programme for Research and Innovation \(2021 - 2024\)](#)

⁴ See [SME participation in Horizon Europe](#)

⁵ [InvestEU Portal](#)

⁶ See [IMPACT ASSESSMENT REPORT on the European Competitiveness Fund](#)

⁷ In these calculations, coordinators are assumed to prepare an application (at consortium level) during 32-41 working days, and other contributors spend 14-23 working days.

assesses that the time between notification and payment is expected to decrease by tens of days compared to the current situation.

The Implementation Council notes that the proposal does not specify how the Commission will ensure simplification of the substantive application procedures in the preparation of the various work programmes under the ECF. This is a very important issue for businesses, especially small and medium-sized enterprises.

The proposal states that simplification is to be achieved through a single portal, a uniform regulatory framework and faster procedures. A two-stage award procedure shall also be possible for EU technology pioneers and for actions of overriding public interest or critical time sensitivity (Article 17 and Article 20(2)(d)).

Such simplification measures are positive, but the Council would also like to draw attention to the fact that the overall number of administrative requirements, reporting procedures, etc. that companies must comply with needs to be examined, reduced and simplified.

The various funds currently show clear differences in terms of, for example, call and assessment processes. It will be of great importance that these differences are not added together into an even larger and more complex regulatory framework, but instead are unified into simpler, more similar and faster procedures. Continued administratively burdensome application procedures disadvantage smaller companies compared to larger companies and companies that can afford the help of consultants.

It is also important to ensure that future processes, such as the use of procurement instruments, are characterised by the highest possible degree of simplification. See also under a separate heading below on Union preference.

Sweden should therefore push for e.g. simpler application procedures, digital interviews instead of physical interviews on site in Brussels and proportionate reporting requirements on a "need to know" basis. A more data-driven and risk-based follow-up could also reduce the administrative burden while increasing transparency on the fund's impact.

There will also be a need for a clear coordinating and steering role for the Commission so that the various programmes of the ECF are coherent,

especially those that are contiguous. This applies, for example, to the eligibility criteria under Article 9 and the design of sector-specific work programmes and award procedures under Articles 12 and 15. It can be very difficult for companies if different and/or discretionary restrictions are imposed that differ between programmes from which the same company or consortium wishes to apply for support.

The Swedish authorities that are tasked with distributing money nationally also need to work on simplifying and harmonising their procedures and interpretations of EU rules. Today, the relevant Swedish authorities have different systems and different interpretations of how the EU rules should be implemented, which gives rise to regulatory complexity for start-ups and scale-ups, among others. It is difficult at this stage to be more specific other than that the national processes under the fund must be effective and avoid duplication with national support programmes.

In addition to simplification measures, it is at least as important that well-functioning ecosystem services, such as advice and support functions, are available to make it easy for companies to navigate and find the right support. See the Council's discussion in section 8 on the importance of nationally and regionally based advice and support functions.

Costs for companies

The Commission assesses that there is a risk of increased costs for applicants and beneficiaries, including SMEs, who already receive EU funding through EU programmes. These increased costs result from the fact that applicants and beneficiaries may initially need to adapt their internal processes for support from EU programmes to the new structure. On the other hand, the Commission considers that this structure will lead to a reduction in costs over time as a result of the availability of an application portal, simplified and harmonised rules and efficient advisory services.

In order to reduce these transition costs, the Implementation Council proposes that some form of transitional rules should be considered that allow companies to be credited with certain basic qualifications under the current system when their activities are transferred to the ECF structure, see section 8 below.

*Other impacts of the proposal and possible measures***Impact on the competitiveness of Swedish industry in comparison with the rest of the EU**

In order to provide the greatest return on the money invested, the Council assesses that the fund's work programmes must be sufficiently narrow and sharp in the direction of prioritising funds for research, innovation and commercialisation.

Too broad a framework for work programmes risks spreading funds too widely among already established companies that are not sustainable in themselves or measures without a clear contribution to the competitiveness of companies. At the same time, there is a certain risk that too narrow a framework may hinder future technological development, something that must be balanced so that innovative solutions can still be covered.

Furthermore, there is a risk that support will continue to go primarily to higher education institutions and large companies if the fund's design is not adapted to the conditions of small companies. See the proposed measures to counteract this below and under section 8 below.

Another aspect that will affect companies' opportunities to take part in the fund's support is the extent to which calls and financial instruments are possible to apply for as a single company. Today, many calls are earmarked for large consortia. It is difficult for innovative start-ups with groundbreaking technologies to participate in these. In addition, it can be administratively burdensome to have to be part of consortia.

The absence of Swedish national co-financing programmes that match the European programmes, mainly InvestEU, based on a strategic approach means that the overall Swedish recipient capacity is less equipped than in a number of other Member States. See the Implementation Council's proposal in this part under section 8 below.

Competitiveness Seal (Article 8)

The proposal for a Competitiveness Seal is intended, among other things, to facilitate funding at national level. Similar models are used within Horizon Europe in the form of the Seal of Excellence. They are based on excellence as a criterion and are assessed to work well. However, the experience from the Seal of Excellence shows that the label risks becoming of symbolic value if it is not linked to clear quality criteria and to national follow-up mechanisms.

The Council considers that the proposal for a Competitiveness Seal can have added value if it can attract additional investors or financing at national level by indicating high quality. However, added value must be based on excellence, and the Council therefore questions the proposal that the Seal should be based on the minimum quality requirements of an award procedure. A level that is too low means that the label loses confidence and thus relevance. In addition, low confidence in the Competitiveness Label risks backfiring on confidence in the Seal of Excellence under Horizon Europe and similar initiatives.

In addition, it should be ensured that business representatives and investors are involved in formulating the requirements for the Seal under the respective work programmes, and also in the evaluation of the Seal, so that it fulfils its purpose as a quality stamp.

In this context, it can be mentioned that in the mid-term evaluation of Horizon Europe, with a particular focus on SMEs, it is noted that within the funding programme for breakthrough technologies, EIC Accelerator, 934 applications from SMEs have been awarded the Seal of Excellence. However, there is currently a lack of knowledge about how these applications have been handled at national level and it is called for information to be collected so this can be evaluated.⁸ For Sweden, few Swedish companies have received money under the EIC Accelerator. Before using the Seal of Excellence within Horizon Europe as a model, an independent evaluation of the benefits of the model should be carried out at EU level and the results should form the basis for how a possible Competitiveness Seal should be designed and used.

All in all, it is important that any Competitiveness Seal provides added value as a quality marker and that it is also used at the national level, otherwise the tool risks leading to unnecessary administration for companies without benefit.

EU preference (Art. 10)

Provisions to make the allocation of funds conditional on activities being performed within the EU, a certain proportion of material originating from the EU etc. (see art. 10) needs to be considered very carefully. Free trade and access to excellence or inputs from outside the EU can be a prerequisite for innovation. EU preference also entails burdensome administration, especially for high-input production or long value chains. There is also a risk

⁸ Se [SME participation in Horizon Europe](#)

that requirements for repayment if a company is transferred from the EU to a third country within 5 years will result in economic uncertainty that affects the willingness of private financiers to invest.

The Council considers that such restrictions should only be imposed after a careful assessment of their effectiveness. One suggestion would be that all work programmes where EU preference is applied would have to be adopted by means of implementing acts to be adopted in accordance with the examination procedure (art. 15(4)). This would ensure the impact of Member States and prevent EU preference from being overused in a way that is not conducive to the EU's competitiveness in a broad, international context.

Ownership of results

Under certain policy areas (art. 54 and 81, relating to defence and security industrial policy), where Union support is provided in the form of a grant, EU institutions and others shall enjoy upon request royalty-free access rights to results for certain specified purposes, as well as the right to grant non-exclusive licences to third parties to exploit the results under fair and reasonable conditions.

The Council considers that such restrictions on ownership of results should be carefully considered in terms of their effectiveness. Such restrictions may be justified if they concern, for example, patents that are stuck and inactive in a higher education institution environment but should be used with caution if the patent is used in an active company. Too far-reaching rules that limit the ownership rights of companies can inhibit the investment willingness of other co-financiers. It is also unclear how the articles will be applied if an activity receives subsidies only as a subset supplemented by private investors.

Where appropriate, the scope of these articles should be narrowed down to those intellectual property rights that are not commercially exploited by the companies that have received the grant.

Follow-up and transparency

The Confederation of Swedish Enterprise has found it increasingly difficult to map which types of companies or projects have received EU funding in Sweden. It is difficult to get an overall picture of how EU funds benefit Swedish companies, and a follow-up of the funds' effectiveness is therefore impossible to perform.

The Implementation Council believes that a clear and transparent follow-up is a prerequisite for the fund's legitimacy. Pre-established quantitative targets for the fund should be set and then evaluated, in accordance with good evaluation methodology. Clear objectives and indicators should be set for the fund's contribution to competitiveness, such as the number of new patents or growing companies, rather than just the financial follow-up of individual expenditure. There is also the possibility of developing appropriate indicators to better capture innovation development and technological development. Mechanisms to enable evaluation need to be built into the design of the programmes. For example, according to good evaluation practice, data could also be compiled on the companies that almost made it, to have relevant measurement groups to start from and be able to compare results. Furthermore, a more data-driven and risk-based follow-up could reduce the administrative burden while increasing transparency on the actual impact of the fund.

The Commission should report on which projects are funded, in which countries and with what results, and how the support is distributed between higher education institutions and companies of different sizes, and in a way that allows comparisons between countries, over years and between funds.

A further suggestion could be to consider whether the European Court of Auditors should have a broader mandate to carry out this follow-up work.

At the national level, the Implementation Council assesses that register coding (related to SNI codes or similar) for start-ups could contribute to better follow-up of the funds' effectiveness.

8. Possible complementary solutions that would contribute to strengthened competitiveness for Swedish companies

Business and technical industrial expertise must be involved in the strategic management

The governance of the ECF is an important issue for the stakeholders with whom the Council has been in dialogue. Market-based forces and technical industrial expertise must be involved in governing, assessing and prioritising so that the projects that receive support are relevant for the business community to invest in. People with a scientific base should also be included in the advisory boards that are to be appointed.

The Council considers that the Strategic Stakeholders Board will play a crucial role in ensuring market-oriented fund management, thus being able to attract private capital. The Strategic Stakeholder Board should be based on a well-functioning industry dialogue and work in line with a strategic and transparent value chain-focus.

Article 14(3) of the proposal requires the Commission to lay down detailed rules on selection and composition, remuneration, rules of procedure, conflicts of interest and confidentiality of the Board. It will be important to follow up and monitor how these rules are formulated.

It should be ensured that independent technical experts, investors and/or industry representatives are represented in the various governing and advisory boards. A Swedish strategy to promote participation in various committees that can safeguard Swedish interests from a competitiveness perspective would be valuable.

The evaluation committees should also involve independent external experts. The Commission's proposal (Article 12(9)) merely states that independent external experts "may" be included in the evaluation committees relating to actions implementing research and innovation activities.

The Council considers it important to ensure access to, inter alia, technical expertise in the evaluation committees to ensure that funds are allocated to commercially sound projects, and without the Commission politicising the allocations or acting in a discretionary manner.

Don't lose the regional/local context

Although greater strategic governance is desirable, new business establishments are at the same time dependent on local conditions and interaction with actors at regional or municipal level, both public actors and private co-financiers. It is therefore important that the governance of the programmes and the allocation of funding are carried out in processes involving representatives of the local level where the establishment is to take place. Today's national innovation ecosystem has a clear local and regional anchoring that is worth protecting.

Advisory and support functions for SMEs, start-ups, etc. also need to continue to have a national or regional anchoring. The Swedish EU SME

Support function is spread across the country, delivered by regional innovation environments and is an important part of today's ecosystem that helps companies navigate the forms of support. The national support functions thus contribute to building national recipient capacity. Although the ECF is proposed to be supplemented by EU-procured support services, the Council considers that the national advice and support functions continue to have an important role to play in the ECF's advisory structure.

Strengthen Swedish recipient capacity and consider Swedish co-financing under InvestEU

Sweden has chosen not to appoint a national partner implementing InvestEU in Sweden. Sweden relies on financing through the European Investment Bank and the Nordic Investment Bank. This may mean that private investors have a lower interest in investing in Sweden, and that Swedish companies will not be as attractive in European consortia as co-financing from the Swedish side is difficult to obtain. One way to get a better return of Swedish contributions to the EU budget that finances the funds could be to consider a Swedish partner for the implementation of InvestEU. Such a national co-financing system could also capture those projects that have received an audit seal but have not received any funding at EU level. Swedish co-financing would mean additional financing opportunities under InvestEU for those who are interested and in need of financing.

The overall Swedish recipient capacity could also be strengthened through a more unified and strategic approach, e.g. to influence the design of the work programmes based on Swedish interests and to work actively to ensure that Swedish independent technical experts, investors and/or business representatives are represented in various governing and advisory boards. A more strategic approach could also support Swedish authorities and companies in navigating the EU processes to establish a good match between the needs of Swedish companies and the fund's financing opportunities.

Prioritise funding for areas where Swedish innovation is strong and long-term investment is essential.

The Implementation Council notes that relatively little funding is allocated to support innovation in health and biotech in the Commission's proposal compared to the fund's other policy areas. Pharmaceuticals are one of

Sweden's eight largest export commodity groups.⁹ Research, innovation and investments in life science and advanced manufacturing are areas that require a long-term perspective and may have difficulty attracting sufficient capital in Europe, which means that the benefits may instead be at risk of accruing to non-European investors and markets. Faster and more predictable financing decisions through the ECF can make an important contribution to more innovative companies staying and growing in Europe.

The Implementation Council considers it important that sufficient resources within the fund are allocated to the thematic window b, support for health, biotech etc. Other deep-tech areas should also be safeguarded. It should be possible to consider redistribution from areas where the degree of innovation is not as high, or areas where achieving the purpose is difficult to measure from a competitiveness perspective.

The ECF should facilitate an increased focus on circularity.

The Implementation Council would like to draw attention to the fact that the proposed regulation provides relatively limited guidance on support for the transition to a circular economy. Under the policy area Support to clean transition and industrial decarbonisation, Art. 3 (2) a and Art. 33, circular economy is listed, but without further example. Under the policy area of resilience, etc., Art. 3 (2) d and Art. 42, recycling is mentioned, but only linked to raw materials; "To strengthen European resilience by building up the Union's capacities in... recycling of raw materials".

In the Council's dialogue with business representatives on the announced EU Circular Economy Act, a strong need for support for research and innovation in the field of circularity has been expressed. This may involve the development of innovative technologies for chemical substitution, separation or recycling from waste in order to gain access to high-quality secondary raw materials. There is also a great need for research concerning new business models based on circular flows for products and materials, which in turn requires the development of common measurement methods and working methods. Testbeds are further examples of technology development that is needed to enable testing and validation of circular business models and processes.

⁹ See ekonomifakta.se

The Implementation Council therefore advocates that the sections of the proposed regulation concerning support for clean transition in Article 3 (2) a and/or Article 33 be supplemented with illustrative text, interpreted in light of the general objectives of Article 3 (1), such as: *"This also includes the transition of industry to circular business models, support for technology development in substitution, waste separation and recycling, and the development of test beds to enable testing and validation of circular business models and processes."*

Clarifying rolling cut offs as a basic principle

The impact assessment of the proposal (SWD (2025) 555) mentions rolling cut offs (rolling calls instead of fixed deadlines) as a tool to improve access to EU funding. However, this is not apparent from the proposal for a regulation. Rolling cut offs are very important especially for small businesses, start-ups, and scale-ups to speed up the allocation process and increase responsiveness to market needs. The Implementation Council therefore recommends that it be clear from the text of the regulation (Article 15, Work Programme) that the work programmes should be based on rolling cut offs as a basic principle.

Consider transitional rules to take advantage of qualification under today's funds

The proposal does not seem to include any mechanism for leveraging approvals or qualifications that a company or project has already obtained under the current funds. As a result, all companies currently operating within one of today's 14 funds would have to start from scratch when participating in the ECF. Allowing companies to carry over certain basic qualifications from the existing support schemes into the ECF structure would be of significant value.

9. The Implementation Council's basis for Sweden's position in ongoing EU negotiations

The Implementation Council agrees with the Government's overall position according to its explanatory memorandum that it is important that the fund's resources provide clear added value, that support is directed where it has the greatest potential to increase the EU's competitiveness, and that it is fundamentally a well-functioning market that makes companies competitive

and that support for companies is not a general or long-term sustainable solution.

The Council considers that the Competitiveness Fund is a good initiative, but that it can be sharpened to be most useful in the very early, innovative phases where there is often a funding gap.

Aware of Sweden's traditionally cautious stance in negotiations on the EU's long-term budget, the Implementation Council wishes to emphasize initiatives that can deliver significant added value for Swedish businesses and that Sweden should safeguard in future negotiations on the ECF proposal.

The Implementation Council proposes that the Government should work for the following in the EU negotiations on the Competitiveness Fund:

Strategic direction and focus

- Ensure that the design of the work programmes makes it clear that the fund should support the commercialisation of research and innovation, based on excellence, from early stages through to commercialisation, not general productivity boosts, or general upskilling, networking, etc.
- Participate actively in the implementation committees that will consider the work programmes to monitor their design and criteria so that they comply with the overall objectives of the fund.
- Ensure a strong role for the Strategic Stakeholder Board in the strategic governance of the fund to ensure market relevance and thus attractiveness for private capital. Closely monitor the formulation of the Commission's detailed rules on the selection and composition, etc., of the Board.
- Prioritise funding for technology areas that are strategically important for Sweden, require a long-term perspective and have difficulty attracting sufficient capital in Europe, e.g. health/life science, deep tech and advanced manufacturing.
- Complement the policy window of the Regulation on support to clean transition so that there is clear scope for supporting the transition to a circular economy (e.g. research on circular business models, support for

technology development in substitution, capture and recycling of waste, etc.).

- Consider supplementing the text of the regulation to make it clear that support for the development of testbeds can be part of the work programmes.
- Be cautious about limiting the companies' property rights protection, as this can reduce the willingness of private investors.

Quality assurance and governance

- Ensure the participation of independent technical and scientific experts in governance and the evaluation committees to ensure commercially relevant projects.
- Ensure local and regional involvement ahead of funding decisions.
- Apply innovation practices and established innovation management practices as a basis for the fund's selection criteria, governance and evaluation.
- Advocate that the Commission carries out an evaluation of the Seal of Excellence before the model is transferred to the ECF.
- Tighten the quality requirements for a possible Competitiveness Seal. The Seal should only be given to projects of high quality. Involve investors in the design and evaluation of the Seal.

Follow-up and transparency

- The Commission should regularly report on which projects are funded, in which countries and with what results according to a template that allows for analysis over time.
- Define in advance clear objectives and indicators for the fund's contribution to competitiveness, such as the number of new patents or the growth of companies.
- Ensure that the reporting requirements are proportionate and on a need-to-know basis. Consider a more data-driven and risk-based follow-up.
- At the national level: consider registry coding (related to SNI codes or similar) for start-ups to enable better follow-up.

Simplification measures to promote

- That the application processes are simplified in practice, not just a merger of already existing procedures.
- Harmonisation of call and assessment processes between programmes to avoid complexity.
- Limit the use of Union preference – introduce this only after careful assessment of purpose and possibly only according to the decision-making procedure that requires the adoption of Commission implementing acts in accordance with the examination procedure, which would ensure the impact of Member States.
- Clarify that rolling cut-offs should be a basic principle of the work programmes.
- Consider transitional rules that allow companies to credit previous qualifications when transitioning to the ECF.

Financing solutions and recipient capacity

- Ensure that the fund's financing solutions are fit for purpose for pre-commercialisation and early scale-up, where the risks are high.
- Consider a comprehensive and strategic approach to how Swedish interests can be promoted under the fund.
- Introduce national co-financing programmes that match the EU's strategic initiatives, in particular InvestEU, to strengthen recipient capacity, increase reflow and capture Swedish projects with high potential.
- Encourage simplification and coordination of procedures between the national authorities entrusted with the allocation of support under the fund.

Support for companies in different stages of development

- Maintain the existing national support and advisory functions for SMEs even if such functions are developed at EU level.
- Extend the earmarked project funds to include scale-ups.
- Work to ensure that calls and funding instruments are possible to participate in and apply for, not only for consortia but also for individual companies.

Contact persons in this case are committee secretaries Karin Broms and Fredrik Hansen (förnamn.efternamn@regeringskansliet.se).

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This document has been machine translated from Swedish to English.